

Hearing date and time: August 25, 2011 at 10:00 a.m. (Eastern Time)
Response Deadline: August 10, 2011 at 4:00 p.m. (Eastern Time)

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Attorneys for Claimants
F.F. Thompson Foundation Inc. and
Frederick Ferris Thompson Hospital

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re : Chapter 11 Case No.
: 08-13555 (JMP)
LEHMAN BROTHERS HOLDINGS INC., et al., :
: (Jointly Administered)
Debtors. :
-----X

**AFFIDAVIT IN RESPONSE TO DEBTORS' OBJECTION
TO CLAIMS OF F.F. THOMPSON FOUNDATION INC.
AND THE FREDERICK FERRIS THOMPSON HOSPITAL**

STATE OF NEW YORK)
COUNTY OF New York) ss:

Christopher J. Everett, being duly sworn, deposes and says:

1. That I am an employee of Cain Brothers, an investment banking and capital advisory firm located at 360 Madison Avenue, 5th Floor, New York, New York 10017. I joined Cain Brothers in 2003 and have been a member of the firm's Special Products Group since that time. I have worked with a wide range of tax-exempt borrowers in the senior living and hospital industries and am primarily responsible for advising clients on the implementation of interest rate derivatives. In total, I have

completed approximately 150 derivative and reinvestment transactions totaling more than \$7.0 billion in notional amount.

2. This Affidavit is submitted in connection with Debtors' One Hundred Sixty-Third Omnibus Objection to Claims (the "Objection"), wherein the Debtors object to the claims of the F.F. Thompson Foundation Inc. and the Frederick Ferris Thompson Hospital (the "Claimants").

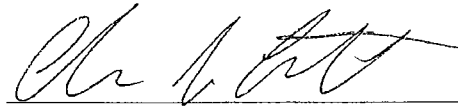
3. Cain Brothers was originally retained by the Frederick Ferris Thompson Hospital to assist them with issues that arose from the termination of the ISDA Master Agreement between Lehman Brothers Special Financing Inc. and the Frederick Ferris Thompson Hospital dated as of August 14, 2003 (together with the Schedule thereto, all annexes thereto, and the Confirmation of the Transaction outstanding thereunder (the "Agreements")). Capitalized terms used and not defined in this paragraph have the meanings given in the Agreements.

4. Cain Brothers solicited quotes for a replacement interest rate swap through a competitive bid process (the "Quotes"). In spite of soliciting Quotes from seven large institutions, there was only one actionable Quote, which was given by Deutsche Bank in the amount of \$103,000. While there was also a bid received by Morgan Stanley, it removed the \$1,000,000 cap on Claimants' Credit Support Amount, which significantly altered the Claimants' liability. It is my understanding that, after reviewing the Deutsche Bank bid, the Claimants determined that it was not financially prudent to enter into a new interest rate swap on the same terms and conditions as the Agreements and no replacement transaction took place.

5. I assisted the Claimants in their efforts to prepare the statement of calculation to determine the damages due under the Agreements. A copy of the detailed Statement of Calculation is attached hereto as Exhibit "B".

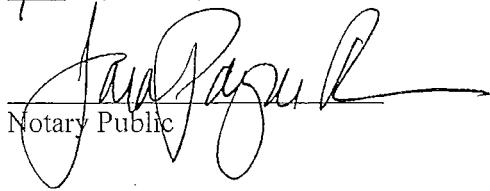
6. Because there were less than three (3) Quotes received on the replacement interest rate swap described above, the Agreements require that the "Loss Method" be used to calculate the damages. Using this method, the Claimants determined that the total amount due on the Claims is \$508,639.58 (plus any additional attorneys' fees and costs as allowed under the Agreements).

7. If the Claimants had elected to execute a new trade with Deutsche Bank, they would have received a payment equal to Deutsche Bank's quotation of \$103,000. As I understand it, they then would have been in a position to submit a claim against the Debtors in the amount of \$508,639.58, exactly as they did in 2008.



Christopher J. Everett

Sworn to before me this
9th day of August, 2011.


Notary Public

Tara Payne-Mills
Notary Public, State of New York - License No. 01PA4998720
Qualified in Nassau County, Certificate filed in New York County
Commission Expires July 6, 2014